

INFORMATION REPORT

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SUBJECT Recent USIA Developments

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Future Disposition of USIA

1. Once again when conclusion of an Austrian State Treaty seems possible, speculation among USIA employees regarding the future disposition of USIA is increasing. GRIZENKO, chief bookkeeper of the Machine Construction Industry Administration of USIA, alleges that next year USIA will remove sales restrictions from many USIA products which heretofore have been withheld from Austrian consumers. Some A/O Avtovelo employees believe that the recent removal of three Austrian employees, [redacted] from A/O Podyomnik may be the first indication of a plan to recombine this department with A/O Avtovelo when the Soviets start to consolidate the USIA complex.

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USIA Trade with Yugoslavia

2. Of a total annual output of 5,000,000 to 6,000,000 sporting ammunition cartridges, Hirtenberger Patronenfabrik probably sells a maximum of 1,500,000 in Austria and therefore is confronted with the problem of competing with Czechoslovakia and Hungary for foreign markets. Despite Soviet efforts to sever all trade with Yugoslavia, USIA has recently been permitted to sell 4,500,000 percussion caps, manufactured by Hirtenberger Patronenfabrik at its original price through Austro-Romana Warenverkehrs G.m.b.H. to Technopromet, Yugoslav purchasing agency in Vienna. Meanwhile, [redacted] representative of Vardar, export-import firm in Skoplje, has doubled his recent order for the same item from Hirtenberger Patronenfabrik.*

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Communist Cover Firm for USIA

3. "Letex" Ein- und Verkaufszentrale der vereinigten Leder- und Textilbetriebe, Vienna IV, Theresianumgasse 23, which is now serving as a Communist cover firm for USIA's leather and textile industries, recently published advertisements in Der Abend and Neues Oesterreich offering to purchase for cash or on a compensation basis large quantities of nylon, wool, and cotton stockings, flannel, silk lining, combed wool and other cotton fabrics.**

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A/O Avtovelo Finances

4. During the first three quarters of 1949, A/O Avtovelo's business was an estimated total of 40,000,000 schillings; profits 4,200,000 schillings; expenses, 400,000 schillings. For the third quarter alone Avtovelo had a turnover of 10,600,000 schillings and a profit of 1,700,000 schillings.

Price Reductions

5. A/O Avtovelo is now preparing to cut prices by 40 to 90 percent on a large lot of unsalable products and raw materials valued at a total of 1,166,000 schillings. The following is a list of Avtovelo firms, and the book value of items which are to be sold through Avtovelo's Sales and Purchasing Office:

<u>Firm</u>	<u>Item</u>	<u>Book Value in Schillings</u>
Austro-Fiat	Raw material	400,000
Kromag A.G.	Raw material	115,000
	Finished products	100,000
Hirtenberger Patronenfabrik	Raw material	40,000
	Finished products	14,000
Wiener Werkzeug- und Werkzeugmaschinenfabrik, Ing. Frank & Co.	Raw material	30,000 (previously reduced from 50,000 schillings)
	Finished products	41,000
Steyr-Daimler-Puch A.G.	Raw material	47,000 (already re- duced by 5/10 of 1%)
	Finished products	125,000 (original cost, 213,000 schill- ings)
Auto-Kuehlergesellschaft m.b.H.	Finished products and raw materials	40,000 (to be re- duced 10%)
Friedrich Weichmann's Nach- folger	Finished products and raw materials	41,700 (goods to be sold for 4,000 schillings, a reduction of more than 90%)
Schaeffer und Budenberg G.m.b.H.	Finished products and raw materials	101,000 (goods to be sold for 8,500 schill- ings, a reduction of about 90%)
Autohaus Alfred Liewers	Finished products and raw materials	57,700 (to be sold for 32,000 schillings, a reduction of about 44%)
Eugen Kohler	Finished products and raw materials	32,600 (to be sold for 5,500, a reduction of about 60%)

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USIA Files

6. In February 1945, Friedrich Weichmann's Nachfolger, Metallwarenfabrik und Apparatenbau G.m.b.H. purchased from Schorler & Steubler, Aue, Saxony, one eccentric shear, valued at 5,837 Reichs-Marks, which was delivered by the German firm but never paid for. Recently when Schorler & Steubler requested USIA's assistance in obtaining payment of Weichmann's outstanding debt, an investigation of Weichmann's records revealed that the eccentric shear had been confiscated by the Soviets in May 1945 and in 1947 Weichmann's had paid its debt as a "credit entry" to USIA. Although the debt seems to be USIA's it is possible that Friedrich Weichmann's Nachfolger may have to compensate the German firm a second time.

USIA Personnel

7. STANLEY, USIA Deputy for Administrative and Technical Matters, and SHEVCHENKO, Director of USIA's Commercial Bureau, are acting as deputies for Vladimir TIKHOMIROV, Soviet General Director of USIA who is now on leave in the Soviet Union.
8. A/O Avtovelo employees believe that PSHEMENICHNIKOV, Director of Avtovelo's Sales and Purchasing Office, may be relieved of his job because he is being held accountable for a current shortage of windshield wiper motors. A short time ago, PSHEMENICHNIKOV authorized the sale of the last of 600 of these motors and now Austro-Fiat has submitted an urgent request to A/O Avtovelo for 500.

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Comment: In [] it was reported that the A/O Avtovelo Sales and Purchasing Office had sold 130,000 percussion caps to RYBAROV for \$15 per hundred.

Comment: "Lotex" is allegedly the successor of "Desos" G.m.b.H. USIA's interest in purchasing textiles has been reported []

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